

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 IGA-02 ACDA-07 SAM-01 IO-13

NSCE-00 SSO-00 USIE-00 INRE-00 /101 W
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O 241510Z AUG 76

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC IMMEDIATE 8874

C O N F I D E N T I A L AMMAN 4384

FOR ATHERTON FROM AMBASSADOR PICKERING

E.O. 11652 GDS

TAGS: EAID JO US

SUBJECT: GOJ BUDGET CRISIS: USE OF TRANSITIONAL QUARTER FUNDS

REF: (A) STATE 208590 (B) AMMAN 4351

1. I RELAYED TO KING HUSSEIN ON AUGUST 24 THE INSTRUCTIONS CONTAINED IN PARA 6 REFTTEL A INDICATING I WISHED TO ACQUAINT HIM WITH GENERAL TREND OF OUR THINKING REGARDING INTERIM QUARTER ASSISTANCE PRIOR TO MY DEPARTURE ON HOME LEAVE. WITHOUT BEING SPECIFIC I MENTIONED THAT WE COULD NOT EXCLUDE AT THIS POINT POSSIBILITY THAT WE WOULD WISH TO USE A PORTION OF THE TQ FUNDS FOR SOME DEVELOPMENT PROJECTS IN JORDAN VALLEY (MENTIONED IN REF B) USING SOME PORTION OF FUNDS FOR DEVELOPMENT PURPOSES WAS HELPFUL NOT ONLY TO RETAINING CONGRESSIONAL SUPPORT BUT ALSO FOR SERVING LONG RANGE DEVELOPMENT GOALDS IN JORDAN. KING INDICATED HIS ACCEPTANCE OF THIS GENERAL CONCEPT.

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2. IN REPLY, KING INDICATED THAT GOJ GOES HAVE SIGNIFICANT BUDGET PROBLEMS WHICH FORMER MINISTER RIFAI HAD UNDERESTIMATED. HE MENTIONED HIS INTEREST IN SEEING THAT THIS SITUATION DOES NOT RECUR NEXT YEAR AND KING SAID HE HAS ISSUED INSTRUCTIONS ACCORDINGLY TO GOJ. KING SAID GOJ BUDGET PROBLEM WAS PARTLY RESULT OF FACT THAT AID PROVIDES FROM SOME DONORS HAD NOT MATERIALIZED. KING SAID HE ALSO HOPES TO COME UP WITH RATIONAL PLAN FOR MILITARY TO LIVE WITHIN JORDANS MEANS AND TO MAKE THE DIFFICULT DECISION AND TRADE OFFS THAT WOULD REQUIRE. KING SAID THAT HE PLANS TO REDUCE ARMY SIZE BY ONE DIVISION RELYING MORE ON STRATEGY OF EMERGENCY MOBILIZATION IN THE EVENT OF A CRISIS. USG MUST REALIZE HOWEVER THAT REDUCED JORDAN FORCES DID DETRACT FROM JORDANS MILITARY CAPABILITY TO CONFRONT CHALLENGES IN THIS UNSTABLE AREA.

3. I INDICATED WE WOULD BE WILLING TO PROVIDING SOME MILITARY PLANNING ASSISTANCE IF THE GOJ FELT THEY COULD USE IT. I MENTIONED FACT THAT MILITARY HAVE \$47 MILLION IN OUTSTANDING FMS CASH DEBTS AND THAT I FELT GOJ SHOULD BE PREPARED BEFORE CORTHCOMING OCTOBER WASHINGTON JOINT MILITARY CONFERENCE TO HAVE A PLAN FOR LIQUIDATING THESE BACK DEBTS. OTHERWISE JMC MIGHT BE ASIDE TRACKED INTO UNPRODUCTIVE FINANCIAL ISSUES RATHER THAN CONCENTRATING ON PROBLEM OF SOLVING IN MILITARY SUPPLY ISSUES AND ON WAY OF HELPING JORDAN FUND ITS MILITARY PLANNING FOR THE FUTURE.

4. REGARDING TQ, I ALSO MENTIONED, (A) PROBLEM REGARDING SCHOOLING OF JORDANIANS AUB STUDENTS AND POSSIBLE NECESSITY TO FUND THEIR EXPENSES FROM SA FUNDS IN ORDER TO PERMIT THEM CONTINUE THEIR STUDIES IN UNITED STATES (B) POSSIBILITY THAT SMALL AMOUNT OF SA FUNDS MIGHT CONCEIVABLE BE NEEDED TO HELP RELIEVE UNRWA BUDGET CRISIS. A PROBLEM WHICH JORDAN FEEL PARTICULARLY ACUTELY. KING
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NODDED SYMPATHETICALLY TO THIS PRESENTATION
OBVIOUSLY WITHOUT MAKING ANY COMMITMENT ON BEHALF OF GOJ.

5. COMMENT: ALTHOUGH HE ONLY HAS GENERAL NOTION OF THE FIGURES INVOLVED KING HUSSEIN WAS OBVIOUSLY CONCERNED THAT THE MAGNITUDE OF GOJS CURRENT BUDGET CRISIS AND HE APPEARED SLIGHTLY UPSET THAT FORMER PM RIFAI HAD ALLOWED IT TO REACH SUCH PROPORTIONS

AT SAME TIME, KING REMAINS AWARE OF CONGRESSIONAL
AND DEVELOPMENT CONSIDERATIONS INVOLVED IN US
ASSITANCE AND I AM HOPEFUL (BUT NOT ENTIRELY CERTAIN
) THAT WE CAN RETAIN SOME DEVELOPMENT PROSPECTS IN
TQ, FUNDING WHEN WE GET DOWN TO ORE CONCRETE
DISCUSSIONS WITH PRIME MINISTER NADRAN, IF DEPARTMENT AID
APPROVE OUR PROPOSAL FOR FUNDING FROM TQ OF UP TO
\$9 MILLIONINVOLVED IN DEVELOPMENT PROJECTS OUTLINES IN
REFTEL (B).
PICKERING

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Margaret P. Grafeld
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